

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Baker Tilly Mehmood Idrees Qamar
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed revised financial statements of ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

We draw your attention to note 35.1 to the financial statements, which states the reason for amendment in note 35 to the financial statements. Our audit procedures are restricted to our earlier audit report dated October 07, 2020 except amendments discussed in note 35, which is amended on November 17, 2020. The change in note no. 35 has no impact on balances reported in the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity, the cash flow statement and explanatory notes from note no. 1 to 34 and 36 to 39.



The engagement partner on the audit resulting in this independent auditor's report is **Mehmood A. Razzak**.

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Baker Tilly Mehmood Idrees Qamar
Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi

Date: 17 NOV 2020

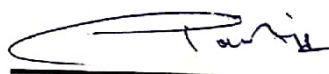
ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non - Current Assets			
Operating assets	5	17,006,294	19,211,453
Intangible assets	6	2,674,784	2,653,600
Investment	7	7,000,000	17,200,071
Long term deposits	8	2,736,965	2,162,165
		29,418,043	41,227,289
Current Assets			
Short term investment	9	146,012,519	118,176,109
Trade debts	10	41,120,848	35,663,105
Advances, deposits, prepayments and other receivables	11	96,963,848	95,573,936
Cash and bank balances	12	403,681,661	231,353,708
		687,778,876	480,766,858
TOTAL ASSETS		717,196,919	521,994,147
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorized Share Capital			
35,000,000 (2019: 35,000,000) Ordinary shares of Rs. 10/- each		350,000,000	350,000,000
Issued, Subscribed and Paid-up Share Capital			
34,682,360 (2019: 34,682,360) Ordinary shares of Rs. 10/- each	13	346,823,600	346,823,600
Accumulated losses		(69,224,230)	(69,643,652)
Total shareholders' equity		277,599,370	277,179,948
Non - Current Liabilities			
Long term loan		12,500,000	-
Lease liability	14	-	-
Deferred liability - staff gratuity	15	3,485,679	3,068,775
		15,985,679	3,068,775
Current Liabilities			
Current portion of lease liability	14	-	1,953,858
Trade and other payables	16	252,925,287	90,907,671
Accrued mark-up		5,786,180	5,109,461
Short term borrowings - secured	17	164,900,403	143,774,434
		423,611,870	241,745,424
CONTINGENCIES AND COMMITMENTS	18	-	-
		717,196,919	521,994,147

The annexed notes 1 to 39 form an integral part of these financial statements



Chief Executive Officer



Director

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Operating revenue	19	65,652,058	20,047,092
Operating expenses	20	(76,150,290)	(72,995,319)
Operating (loss)		<u>(10,498,232)</u>	<u>(52,948,227)</u>
Financial charges	21	(28,054,150)	(15,243,744)
Other charges	22	-	(38,770,696)
Other income	23	40,630,578	10,691,011
Profit / (loss) before taxation		<u>2,078,196</u>	<u>(96,271,656)</u>
Taxation	24	(1,658,774)	(7,086,457)
Profit / (loss) after taxation		<u>419,422</u>	<u>(103,358,113)</u>
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss) for the year		<u><u>419,422</u></u>	<u><u>(103,358,113)</u></u>
Earnings / (loss) per share	25	<u><u>0.01</u></u>	<u><u>(2.98)</u></u>

The annexed notes 1 to 39 form an integral part of these financial statements

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 Chief Executive Officer


 Director

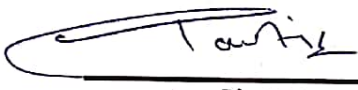
ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up share capital	Accumulated profit / (loss)	Total
	----- Rupees -----		
Balance as at July 01, 2018	346,823,600	33,714,461	380,538,061
(Loss) for the year ended June 30, 2019	-	(103,358,114)	(103,358,113)
Other comprehensive income	-	-	-
Total comprehensive (loss) for the year ended June 30, 2019	-	(103,358,113)	(103,358,113)
Balance as at June 30, 2019	346,823,600	(69,643,652)	277,179,948
Profit for the year ended June 30, 2020	-	419,422	419,422
Other comprehensive income	-	-	-
Total comprehensive income for the year ended June 30, 2020	-	419,422	419,422
Balance as at June 30, 2020	346,823,600	(69,224,230)	277,599,370

The annexed notes 1 to 39 form an integral part of these financial statements

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 Chief Executive Officer


 Director


ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		2,078,196	(96,271,656)
Adjustments for non cash charges and other items			
Depreciation		2,578,959	2,862,838
Amortization of intangible assets		43,696	38,400
Financial charges		28,054,150	15,243,744
Dividend income		(5,079,166)	(3,207,525)
Gratuity expense		1,188,884	1,488,863
Loss on disposal of property, plant and equipment		-	13,468
Unrealised gain on re-measurement of short term investments		31,820,054	-
		<u>58,606,577</u>	<u>16,439,788</u>
Operating profit / (loss) before working capital changes		60,684,773	(79,831,868)
(Increase) / decrease in current assets			
Trade debts		(5,457,742)	47,261,424
Short term investments		(59,656,464)	-
Advances, deposits, prepayments and other receivables		(1,482,803)	22,275,884
		<u>(66,597,009)</u>	<u>69,537,308</u>
Increase / (decrease) in current liabilities			
Trade and other payables		162,017,616	(145,106)
Cash generated from operations		<u>156,105,380</u>	<u>(10,439,667)</u>
Taxes paid - net		(1,580,119)	(10,049,923)
Gratuity paid		(771,980)	(1,684,556)
Financial charges paid		(27,377,431)	(12,602,073)
Net cash inflow / (used in) from operating activities		<u>126,375,850</u>	<u>(34,776,219)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from trading investments		5,093,401	3,207,525
Additions in property, plant and equipment		(373,800)	(725,236)
Additions in intangible assets		(64,880)	-
Proceeds from disposal of operating assets		-	17,000
Investment - net		10,200,071	2,314,791
Long term deposits		(574,800)	(50,000)
Net cash inflow from operating activities		<u>14,279,992</u>	<u>4,764,080</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability		(1,953,858)	(1,454,659)
Long term loan		12,500,000	-
Net cash inflow / (used in) from financing activities		<u>10,546,142</u>	<u>(1,454,659)</u>
Net increase / (decrease) in cash and cash equivalents		<u>151,201,984</u>	<u>(31,466,798)</u>
Cash and cash equivalents at the beginning of the year		87,579,274	119,046,072
Cash and cash equivalents at the end of the year	26	<u>238,781,258</u>	<u>87,579,274</u>

The annexed notes 1 to 39 form an integral part of these financial statements



Chief Executive Officer


Director

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

The company is incorporated as a private company limited by shares under the Companies Ordinance, 1984 (the Ordinance) and is a holder of the Trading Right Entitlement Certificate (TREC) of the Pakistan Stock Exchange Limited. It is principally engaged in the business of brokerage of shares and securities, investment advisory services, portfolio management and securities research. The registered office of the company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan.

2. DISCLOSURE OF IMPACT OF COVID - 19 PANDEMIC ON FINANCIAL STATEMENTS OF COMPANY

The COVID - 19 pandemic has taken a toll on all economies around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators/ governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The SBP has also responded to the crisis by cutting the policy rate by 625 basis points since beginning of the year. However, there are no material implications of COVID - 19. Company has only faced the generalized impact by COVID - 19 on financial market of Pakistan as a whole.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

These financial statements have been prepared under the historical cost convention, except for short term investments in quoted securities which are stated at fair value.

These financial statements comprise balance sheet, profit and loss account, cash flow statement, statement of changes in equity and notes to the financial statements and have been prepared under the accrual basis of accounting except for cash flow information.

3.2 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

a) Standards, interpretations and amendments to approved accounting standards which became effective during the year

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which become effective for the current year:

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i. **IFRS - 16 "Leases"**

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an arrangement contains a lease, SIC-15, Operating leases- Incentive, and SIC-27, Evaluating the substance of transaction involving the legal form of a lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (Short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-to-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 from July 1, 2019, however the application of above standard does not have any impact on the Company's financial reporting and, therefore, have not been presented in these Financial Statement.

b) **Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company**

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2019 and have not been early adopted by the Company:

IAS 1 Presentation of Financial Statements

Effective date: January 1, 2022

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The company has consistently applied the following accounting policies to all the years presented in these financial statements.

4.1 **Operating assets**

Owned

Operating assets are stated at cost less accumulated depreciation.

Depreciation on all operating assets is charged to income using the reducing balance method in accordance with the rates specified in note 5 to these financial statements. Depreciation on additions is charged from the month the asset is available for use.

Maintenance and normal repairs are charged to income as and when incurred; major improvements are capitalized.

Gain or loss on disposal of assets is included in profit and loss account.

Leased assets

Assets held under finance lease are initially recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of such assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation is charged on leased assets on a basis similar to that of owned assets.

4.2 **Intangible Assets**

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the company and that the cost of such asset can be measured reliably.

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Costs directly associated with identifiable software and having probable economic benefit exceeding beyond one year are recognized as intangible assets. Direct costs include the purchase cost of software and related overhead cost. Computer software are amortized from the date such assets are put into use on straight-line basis over its useful life. Cost associated with maintaining computer software are recognized as an expense when incurred.

TREC and office room at PSX building, having indefinite useful lives are not amortized. These are stated at acquisition cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are in excess of their recoverable amounts, and where the carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

4.3 Financial assets

Initial Measurement

The Company classifies its financial assets into following three categories:

- measured at amortised cost.
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI);

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit and loss account.

Financial assets measured at amortised cost

Financial assets measured at these assets are subsequently measured at amortised cost using the effective amortised cost interest method. The amortised cost is reduced by impairment losses. Interest / markup income, and impairment are recognised in the statement of profit and loss account.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit and loss account.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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4.4 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.5 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when the company has a legally enforceable right to off-set the recognized amounts and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.6 Trade debtors

These are initially measured at original invoice amount, which approximates fair value, and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is recognized when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Trade debts are written off when considered irrecoverable.

4.7 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are verified at each balance sheet date and adjusted to reflect the current best estimate.

4.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost.

4.9 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalized as part of cost of that asset.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand, balances with bank and short term running finances.

4.11 Staff retirement benefits

The company operates an unfunded gratuity scheme for all permanent employees based on their length of employment.

4.12 Taxation

The charge of the current year taxation is based on taxable income after considering the rebates and tax credits available, if any. The company's revenue also falls under final tax regime to the Income Tax Ordinance, 2001.

4.13 Revenue recognition

- Brokerage and other income is accrued as and when such services are provided.
- Sale and purchase of securities and resultant gain or loss on disposal of securities are recognized on the date of contract.
- Dividend income is recognized when the right to receive the dividend is established.

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4.14 Transactions with related parties

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using admissible valuation models, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the company to do so.

4.15 Functional and presentation currency

These financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

5. OPERATING ASSETS

	Building	Office equipment	Computer and allied	Furniture and fixtures	Motor vehicles	Right of use asset	Total
Rupees							
Year ended June 30, 2019							
Opening net book value	5,508,634	1,105,165	1,041,160	242,208	11,297,179	2,185,177	21,379,521
Additions (at cost)	-	477,435	109,301	-	198,000	-	784,736
Disposals							
Cost	-	-	20,300	-	182,191	-	202,491
Accumulated depreciation	-	-	(5,684)	-	(106,839)	-	(112,523)
	-	-	14,616	-	75,352	-	89,968
Depreciation charge for the year	(275,432)	(200,167)	(309,116)	(36,331)	(1,714,015)	(327,777)	(2,862,838)
Net book value as at June 30, 2019	5,233,202	1,382,433	826,729	205,877	9,705,812	1,857,400	19,211,453
At June 30, 2019							
Cost	6,425,000	2,931,246	2,953,927	1,520,157	20,026,551	5,620,680	39,477,561
Accumulated depreciation	(1,191,798)	(1,548,813)	(2,127,198)	(1,314,280)	(10,320,739)	(3,763,280)	(20,266,108)
Net book value as at June 30, 2019	5,233,202	1,382,433	826,729	205,877	9,705,812	1,857,400	19,211,453
Year ended June 30, 2020							
Opening net book value	5,233,202	1,382,433	826,729	205,877	9,705,812	1,857,400	19,211,453
Additions (at cost)	-	41,100	332,700	-	-	-	373,800
Transfer out							
Cost	-	-	-	-	-	(5,620,680)	(5,620,680)
Accumulated depreciation	-	-	-	-	-	3,763,280	3,763,280
	-	-	-	-	-	(1,857,400)	(1,857,400)
Transfer in							
Cost	-	-	-	-	5,620,680	-	5,620,680
Accumulated depreciation	-	-	-	-	(3,763,280)	-	(3,763,280)
	-	-	-	-	1,857,400	-	1,857,400
Disposals							
Cost	-	(106,950)	(41,100)	(6,000)	-	-	(154,050)
Accumulated depreciation	-	106,950	41,100	6,000	-	-	154,050
	-	-	-	-	-	-	-
Depreciation charge for the year	(261,660)	(237,365)	(314,571)	(30,882)	(1,734,482)	-	(2,578,959)
Net book value as at June 30, 2020	4,971,542	1,186,168	844,858	174,995	9,828,730	-	17,006,294
At June 30, 2020							
Cost	6,425,000	2,865,396	3,245,527	1,514,157	25,647,231	-	39,697,311
Accumulated depreciation	(1,453,458)	(1,679,228)	(2,400,669)	(1,339,162)	(15,818,501)	-	(22,691,017)
Net book value as at June 30, 2020	4,971,542	1,186,168	844,858	174,995	9,828,730	-	17,006,294
Depreciation rate	5%	15%	30%	15%	15%	15%	

6. INTANGIBLE ASSETS	Note	2020 Rupees	2019 Rupees
Trading rights entitlement certificates	6.1	2,500,000	2,500,000
Software	6.2	174,784	153,600
		<u>2,674,784</u>	<u>2,653,600</u>
6.1 Trading rights entitlement certificates			
Cost		2,500,000	2,500,000
Impairment loss		-	-
		<u>2,500,000</u>	<u>2,500,000</u>
6.2 Software			
Net carrying value basis			
Opening net book value		153,600	192,000
Add: Additions during the year		64,880	-
Less: Amortization for the year		(43,696)	(38,400)
Closing net book value		<u>174,784</u>	<u>153,600</u>
Gross carrying value			
Cost		3,399,880	3,335,000
Less: Accumulated amortization		(3,225,096)	(3,181,400)
Net book value		<u>174,784</u>	<u>153,600</u>
Amortization rate - number of years		<u>5</u>	<u>5</u>
7. INVESTMENT			
Investment at cost (unquoted - Dawood Family Takaful)		7,000,000	7,000,000
Investment in share of Pakistan Stock Exchange Limited		-	10,200,071
		<u>7,000,000</u>	<u>17,200,071</u>
8. LONG TERM DEPOSITS			
Pakistan Stock Exchange Limited		150,000	350,000
Central Depository Company of Pakistan Limited		150,000	150,000
National Clearing Company of Pakistan Limited		1,400,000	200,000
Deposit against PSO card		315,515	215,515
Lease deposit		-	525,700
Rent deposit		680,000	680,000
Other deposits		41,450	40,950
		<u>2,736,965</u>	<u>2,162,165</u>
9. SHORT TERM INVESTMENT			
At fair value through profit or loss (quoted equity securities)		146,012,519	118,176,109
		<u>146,012,519</u>	<u>118,176,109</u>

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13.1 Pattern of Shareholding

Name of Shares holders	2020	2019	2020	2019
	Percentage		Number of Shares	
Ahfaz Mustafa	65.23%	65.23%	22,622,660	22,622,660
Azhar Iqbal	17.39%	17.39%	6,030,100	6,030,100
Ayesha Naeem	17.39%	17.39%	6,029,600	6,029,600
Total	100%	100%	34,682,360	34,682,360

14. LEASE LIABILITY

2020			2019		
Minimum lease payments	Financial charges allocated	Present value of lease payments	Minimum lease payments	Financial charges allocated	Present value of lease payments
Rupees					
Not later than one year	-	-	1,953,858	-	1,953,858
Later than one year but not later than five years	-	-	-	-	-
	-	-	1,953,858	-	1,953,858

15. DEFERRED LIABILITY - STAFF GRATUITY

	2020 Rupees	2019 Rupees
Opening balance	3,068,775	3,264,468
Provision during the year	1,188,884	1,488,863
	4,257,659	4,753,331
Paid during the year	(771,980)	(1,684,556)
Closing balance	3,485,679	3,068,775

16. TRADE AND OTHER PAYABLES

Creditors	1,268,542	1,191,241
Trade payables	233,547,955	70,823,743
Accrued expenses	4,323,517	3,307,696
Sales and other taxes payable	1,232,483	519,622
Other liabilities	12,552,790	15,065,369
	252,925,287	90,907,671

Note 2020 2019
Rupees Rupees

17. SHORT TERM BORROWINGS - SECURED

17.1 164,900,403 143,774,434

17.1 The company has obtained short term running finance facilities under mark-up arrangements with an aggregate limit of Rs. 925 million (2019: Rs. 925 million) from various commercial banks with variable mark-up rates ranging from 2020: 8.75% to 14.75 (2019: 8.42% to 14.12%). These are secured against pledge of marketable securities and personal guarantees of all the directors.

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18. CONTINGENCIES AND COMMITMENTS

Contingencies

The company has filed a recovery suit amounting to Rs. 17.16 million against a customer. The same customer has filed a counter suit of the same amount against the company. The company based on the advice of its legal counsel is confident that the case will be decided in its favor and the amount against which the claim has been filed will be received. Hence, no provision against this receivable has been made in these financial statements.

Commitments

There has been no commitments at balance sheet date.

19. OPERATING REVENUE

	Note	2020 Rupees	2019 Rupees
Brokerage commission	19.1	65,024,017	48,808,160
Other revenue			459,392
Net gain / (loss) from transactions in marketable securities		628,041	(29,220,460)
		<u>65,652,058</u>	<u>20,047,092</u>

19.1 It includes brokerage income of Rs. 64,250 (2019: Rs. 4,410) earned from related parties.

20. OPERATING EXPENSES

Salaries and benefits	20.1	41,967,451	43,160,752
Printing and stationery		407,511	495,158
Rent, rates and taxes		2,647,597	2,463,901
Vehicle running and maintenance		3,496,785	2,893,892
Repairs and maintenance		3,037,878	2,744,237
Electricity and gas charges		2,201,771	2,443,467
Legal and professional charges		1,974,329	830,100
Commission expenses		6,364,516	3,770,430
Travelling and conveyance		693,803	498,396
Insurance expenses		1,370,071	1,720,553
Entertainment		893,196	1,528,386
Fees and subscription		1,008,089	1,451,014
Depreciation	5	2,578,959	2,862,838
Amortization of intangible assets	6.2	43,696	38,400
Computer expenses		7,054,638	5,630,327
Donation and charity	20.2	-	40,000
Auditors' remuneration	20.3	410,000	410,000
Loss on disposal of assets		-	13,468
		<u>76,150,290</u>	<u>72,995,319</u>

20.1 Salaries and benefits include Rs. 1,188,884 (2019: Rs. 1,488,863) in respect of staff retirement benefits.

20.2 None of the directors or their spouses had an interest in the donee's funds.

20.3 Auditors' Remuneration

	2020 Rupees	2019 Rupees
Audit fees	300,000	300,000
Out of pocket expenses	20,000	20,000
	320,000	320,000
Others	90,000	90,000
	<u>410,000</u>	<u>410,000</u>

21. FINANCIAL CHARGES	Note	2020 Rupees	2019 Rupees
Mark-up on bank borrowings	17.1	26,634,614	14,366,491
Mark up on leased assets		101,621	189,778
Mark up on loan		510,000	-
Bank charges		807,915	687,475
		<u>28,054,150</u>	<u>15,243,744</u>
22. OTHER CHARGES			
Unrealised loss on measurement of investments at fair value		-	38,770,696
		-	<u>38,770,696</u>
23. OTHER INCOME			
Dividend income		5,079,166	3,207,525
Mark-up on exposure deposit		3,304,642	1,992,980
Mark-up on MF		426,716	5,490,506
Unrealised gain on measurement of investments at fair value through profit or loss		31,820,054	-
		<u>40,630,578</u>	<u>10,691,011</u>
24. TAXATION			
Current year		1,658,774	7,086,457
		<u>1,658,774</u>	<u>7,086,457</u>
25. EARNINGS / (LOSS) PER SHARE			
Profit / (loss) for the year		419,422	(103,358,113)
Weighted average number of ordinary shares		34,682,360	34,682,360
		<u>0.01</u>	<u>(2.98)</u>
26. CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	403,681,661	231,353,708
Short term borrowings - secured	17	(164,900,403)	(143,774,434)
		<u>238,781,258</u>	<u>87,579,274</u>
27. PLEDGE SECURITIES		Number of Shares	Pledge Value
Pledged to financial institutions on behalf of brokerage house		8,320,194	107,628,187
Pledged to financial institutions on behalf of clients		29,757,395	2,157,587,550
28. CUSTOMERS ASSETS HELD IN CDC			
The house holds approx 117.97 millions (2019: 97.674) million securities of his clients in the clients CDC sub accounts having approx. fair value Rs. 4007.57 millions (2019 Rs. 1,753.40) millions.			

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29. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and key management personnel. The company continues to have a policy whereby all transactions with related parties are at contractual / agreed rates.

Name and relation with the related Party	Transactions during the year and year end balances	2020 Rupees	2019 Rupees
Mr. Ahfaz Mustafa, Chief Executive	Brokerage income earned	64,250	4,402
	Trade receivable / (payable) at year end	823,303	(54,238)
	Other receivables at year end	3,054,183	13,701,015

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2020	2019	2020	2019
	Rupees			
Managerial remuneration	2,384,525	2,601,300	11,403,770	10,834,986
Allowances	1,190,475	1,298,700	5,935,759	5,416,680
Bonus	-	-	161,696	-
Total	3,575,000	3,900,000	17,501,225	16,251,666
Number of persons	1	1	6	5

30.1 The company also provided the company maintained car to chief executive.

30.2 Directors do not receive any remuneration from the company.

31. CAPITAL RISK MANAGEMENT

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern so that it can provide benefits to all stakeholders.

In order to maintain the balance of its capital structure the company may consider injecting further equity or issuing fresh debt. The company monitors its capital on the basis of its gearing ratio. Debt is calculated as total borrowings including both long term and short term borrowings. The gearing ratio as at June 30, 2020 and 2019 was as follows:

	2020 Rupees	2019 Rupees
Total borrowings	164,900,403	145,728,292
Paid-up capital	346,823,600	346,823,600
Accumulated profit	(69,224,230)	(69,643,652)
	277,599,370	277,179,948
Gearing ratio	37%	34%

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

2020
Rupees

2019
Rupees

i) Financial instruments by category

Financial assets

At cost

Investment in shares of Pakistan Stock Exchange Limited - 10,200,071

At amortized cost

Long term deposits	2,736,965	2,162,165
Trade debts	41,120,848	35,663,105
Advances, deposits, prepayments and other receivables	49,037,735	47,569,167
Cash and bank balances	403,681,661	231,353,708

At fair value through profit or loss

Short term investments 146,012,519 118,176,109

Total financial assets

642,589,728 445,124,325

Financial liabilities

Lease liability	-	1,953,858
Trade and other payables	252,925,287	90,907,671
Accrued mark-up on borrowings	5,786,180	5,109,461
Short term borrowings	164,900,403	143,774,434

Total financial liabilities

423,611,870 241,745,425

ii) Financial risk management objectives and policies

The company's activities are exposed to a variety of financial risks which are mainly market risk, liquidity risk and credit risk. The company has established adequate procedures to manage each of these risks as mentioned below:

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks namely interest rate risk, currency risk and other price risk. The company is exposed to interest rate risk and other price risk only.

b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Credit risk arises from deposit with banks, trade debts, loans, advances, deposits and other receivables. The maximum exposure to credit risk (which is the carrying value of financial assets) at the balance sheet date is as follows:

2020
Rupees

2019
Rupees

Long term deposits	2,736,965	2,162,165
Short term investments	146,012,519	118,176,109
Trade debts	41,120,848	35,663,105
Advances, deposits, prepayments and other receivables	49,037,735	47,569,167
Bank balances	403,657,155	231,240,123

642,565,222 434,810,669

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To reduce the exposure to credit risk, the company has developed a formal approval process whereby credit limits are applied to its customers. The company is doing its utmost to recover the amount outstanding from its customers and is confident that the amount would be recovered based on the past experience and the recovery efforts being carried out by the company.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

No impairment has been recognised in respect of these debts as the custody of equity securities against the same is considered to be adequate.

c) **Liquidity risk**

Liquidity risk represents the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date.

	2020				
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years
	Rupees				
Financial liabilities					
Trade and other payables	252,925,287	252,925,287	-	252,925,287	-
Accrued mark-up	5,786,180	5,786,180	-	5,786,180	-
Short term borrowings - secured	164,900,403	164,900,403	-	164,900,403	-
	423,611,870	423,611,870	-	423,611,870	-
	2019				
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years
	Rupees				
Financial liabilities					
Lease liability	1,953,858	1,953,858	-	1,953,858	-
Trade and other payables	90,907,671	90,907,671	-	90,907,671	-
Accrued mark-up	5,109,461	5,109,461	-	5,109,461	-
Short term borrowings - secured	143,774,434	143,774,434	-	143,774,434	-
	241,745,424	241,745,424	-	241,745,424	-

iii) **Fair value of financial assets and liabilities**

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values.

The fair value measurement hierarchy of the financial instruments carried at fair value is as follows:

Level 1 - quoted market prices

Level 2 - valuation techniques (market observable)

Level 3 - valuation techniques (non-market observable)

Fair value of investments traded in an active market are based on quoted market prices under the level 1 valuation method. Since investment in Pakistan Stock Exchange Limited (PSX) is not listed on any stock exchange, a quoted market price is not available and the fair value of such investment can not be determined with reasonable accuracy.

33. NUMBER OF EMPLOYEES

	2020	2019
Total number of employees at the end of the year	28	32
Average number of employees during the year	30	33

34. CAPITAL ADEQUACY LEVEL

	2020 Rupees	2019 Rupees
Total assets	717,196,919	521,994,147
Less: Total liabilities	(439,597,549)	(244,814,199)
Revaluation Reserves (Created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	277,599,370	277,179,948

34.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Company as at year ended June 30, 2020 as determined by Pakistan Stock Exchange has been considered.

35. NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows:

DESCRIPTION	VALUATION	Note	2020 Rupees
CURRENT ASSETS			
Cash and bank balances	As per book value	35.2	447,455,435
Trade receivables	Book value less overdue for more than 14 days	35.3	5,753,648
Other trade receivables	As per book value	35.4	2,341,674
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount	35.5	96,074,785
Securities purchased for client		35.6	3,500,744
PIBS	Marked to market less 5% discount		-
			555,126,286
CURRENT LIABILITIES			
Trade payables	Book value less overdue for more than 30 days	35.7	173,158,218
Other payables	As per book values	35.8	250,453,652
			423,611,870
Net capital balance as at June 30, 2020			131,514,416

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35.1 After the issuance of the financial statement an error was identified in net capital balance calculation, which is given as follows:

	Report dated October 07, 2020	Amended Report dated November 17, 2020
	Rupees	Rupees
Creditors	-	(1,268,542)
Accrued expenses	-	(4,323,517)
Sales and other taxes payable	-	(1,232,483)
Other liabilities	-	(12,552,790)
Receivables against margin finance	-	2,341,674
	-	<u>(17,035,658)</u>

The error has been rectified and accordingly net capital balance has been updated.

35.2 Cash and Bank Balances

	2020 Rupees
Margin Deposit(s)	43,773,774
Cash in hand	24,506
Bank balance pertaining to clients	206,922,110
Bank balance pertaining to brokerage house	196,735,045
	<u>447,455,435</u>

35.3 Trade Receivables

Aging of trade receivables	
Total receivables	38,779,174
Outstanding for more than 14 days	(33,025,526)
	<u>5,753,648</u>
Balance generated within 14 days and/or not year due	

35.4 Other Trade Receivables

Margin financing (MF)	<u>2,341,674</u>
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35.5 Investment in listed securities in the name of brokerage house

Investment in shares	146,012,519
Less: BMC shares	(32,983,361)
	113,029,158
Less: 15% Discount	16,954,374
	<u>96,074,785</u>

35.6 Securities purchased for client

Overdue balance for more than 14 days - gross value	<u>33,025,526</u>
Lower of overdue balance and securities held against such balance	<u>3,500,744</u>

35.7 Trade Payables

Book value	233,547,955
Less: overdue for more than 30 days	(60,389,737)
	<u>173,158,218</u>

35.8 Other Payables

Short term running finance	164,900,403
Accrued and other liabilities	25,163,512
Trade payables more than 30 days	60,389,737
	<u>250,453,652</u>

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36. COMPUTATION OF LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.1	Property & Equipment	17,006,294	17,006,294	-
1.2	Intangible Assets	2,674,784	2,674,784	-
1.3	Investment In Govt. Securities (150,000*99)	-	-	-
1.4	Investment In Debt Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value. In the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value. In the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value. In the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value. In the case of tenure of more than 3 years.	-	-	-
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	146,012,519	72,125,005	73,887,514
	ii. If unlisted, 100% of carrying value.	7,000,000	7,000,000	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,700,000	1,700,000	-
1.9	Margin deposits with exchange and clearing house.	43,773,774	-	43,773,774
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	52,595,854	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	14,235	-	14,235
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	1,616,950	1,616,950	-
	ii. Receivables other than trade receivables	-	-	-
1.16	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains.	-	-	-
	claims on account of entitlements against trading of securities in all markets including MTM gains.	-	-	-
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.	2,341,674	1,537,749	1,537,749
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	3,657,722	-	3,657,722
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	35,121,452	3,500,743	3,500,743
	vi. 100% haircut in the case of amount receivable from related parties.	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Cash and Bank balances			
1.18	I. Bank Balance-proprietary accounts	196,735,045	-	196,735,045
	II. Bank balance-customer accounts	206,922,110	-	206,922,110
	III. Cash in hand	24,506	-	24,506
1.19	Total Assets	717,196,919	107,161,526	510,035,393
2.	Liabilities			
	Trade Payables			
2.1	I. Payable to exchanges and clearing house	-	-	-
	II. Payable against leveraged market products	-	-	-
	III. Payable to customers	233,547,955	-	233,547,955
	Current Liabilities			
2.2	I. Statutory and regulatory dues	-	-	-
	II. Accruals and other payables	25,163,512	-	25,163,512
	III. Short-term borrowings	164,900,403	-	164,900,403
	IV. Current portion of subordinated loans	-	-	-
	V. Current portion of long term liabilities	-	-	-
	VI. Deferred Liabilities	-	-	-
	VII. Provision for bad debts	-	-	-
	VIII. Provision for taxation	-	-	-
	IX. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Non-Current Liabilities			
2.3	I. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	II. Staff retirement benefits	3,485,679	-	3,485,679
	III. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital	-	-	-
	b. Board of Directors of the company has approved the increase in capital	-	-	-
	c. Relevant Regulatory approvals have been obtained	-	-	-
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.	-	-	-
	e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
	IV. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans			
	I. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:	12,500,000	100%	-
	a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period			
	b. No haircut will be allowed against short term portion which is repayable within next 12 months.			
	c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
	II. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Total Liabilities	439,597,549	-	427,097,549
3.	Ranking Liabilities Relating to:			
3.1	Concentration in Margin Financing			
	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	2,341,674	1,745,944	1,745,944
3.2	Concentration in securities lending and borrowing			
	The amount by which the aggregate of:			
	(i) Amount deposited by the borrower with NCCPL	-	-	-
	(ii) Cash margins paid and	-	-	-
	(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	Net underwriting Commitments			
	(a) In the case of right issue: If the market value of securities is less than or equal to the subscription price; the aggregate of:			
	(i) the 50% of Haircut multiplied by the underwriting commitments and	-	-	-
	(ii) the value by which the underwriting commitments exceeds the market price of the securities.	-	-	-
	In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) In any other case: 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions			
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO			

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S. No.	Head of Account	Value In Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Repo adjustment	-	-	-
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
	Concentrated proprietary positions	-	-	-
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	10,686,936	10,686,936
	Opening Positions in futures and options	-	-	-
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
	Short sell positions	-	-	-
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VaR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VaR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	2,341,674	12,432,880	12,432,880

275,257,696 Liquid Capital **90,522,969**

Calculations Summary of Liquid Capital

- (i) Adjusted value of Assets (serial number 1.19)
(ii) Less: Adjusted value of liabilities (serial number 2.5)
(iii) Less: Total ranking liabilities (series number 3.11)

530,053,398
(427,097,549)
(12,432,880)
90,522,969

hi

37. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors in their meeting held on October 07, 2020. Subsequently adopted amended financial statements as on 17 NOV 2020.


38. CORRESPONDING FIGURES

Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison.

39. GENERAL

Figures have been rounded off to the nearest rupee.

Bh



Chief Executive Officer



Director